

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

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I	D	I	A	R	I	E	S																							

## PRINCIPAL OFFICE ( No. / Street / Barangay / City / Town / Province )

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E	x	c	h	a	n	g	e		R	o	a	d	,		O	r	t	i	g	a	s		C	e	n	t	e	r	,	
P	a	s	i	g		C	i	t	y																					

Form Type

1	7	-	A
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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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## COMPANY INFORMATION

Company's Email Address

rnmigrino@apexmining.com

Company's Telephone Number

706-2805

Mobile Number

N/A

No. of Stockholders

2,765

Annual Meeting (Month / Day)

6/30

Fiscal Year (Month / Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Renato N. Migrino

Email Address

rnmigrino@apexmining.com

Telephone Number/s

706-2805

Mobile Number

N/A

## CONTACT PERSON'S ADDRESS

3304B West Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City

**NOTE 1 :** In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF  
THE PHILIPPINES**

1. For the calendar year ended: **December 31, 2018**
2. Date of this report: **April 30, 2018**
3. Commission Identification Number: **40621**
4. BIR Tax Identification No.: **000-284-138**
5. Exact Name of Registrant as specified in its charter: **APEX MINING CO., INC.**
6. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**
7. Industry Classification Code: (SEC Use Only)
8. Address of registrant's principal office: **3304B West Tower PSE Centre, Exchange  
Postal Code: 1605 Road, Ortigas Center, Pasig City,**
9. Telephone number, including area code: **Tel. # (02) 706-2805 Fax # 706-2804**
10. Former name, former address and former fiscal year, if changed since last report. **N/A**
11. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the  
RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding</u>
<b>Common shares</b>	<b>6,227,887,491</b>
<b>Debt outstanding</b>	<b>₱3,889,283,069</b>

12. Are any of the issuer's securities listed on a Stock Exchange? **Yes [ X ] No [ ]**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

**Philippine Stock Exchange / Common shares**

## **Part I – BUSINESS AND GENERAL INFORMATION**

### **Item 1. BUSINESS**

#### **Corporate Information and Business Development**

Apex Mining Co., Inc. (the “Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on February 26, 1970 under the name Apex Exploration & Mining Company until 1978 when this was changed to the Parent Company’s present name, Apex Mining Co., Inc.

The Company was incorporated primarily to carry on the business of mining, milling, concentrating, converting, smelting, treating, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in gold, silver, copper, lead, zinc brass, iron, steel and all kinds of ores, metals and minerals.

The Company currently operates the Maco Mines in Maco, Compostela Valley.

On March 7, 1974, the Company listed its shares in the Philippine Stock Exchange (PSE) and attained the status of being a public company on the same date. At that time, the Company was considered the second largest gold producer in the Philippines.

In 1991, the Company ceased operation of the Maco mine due to the prolonged depressed gold price.

In 2005, Crew Gold Corporation (Crew Gold), an entity incorporated in Canada, and its associated Philippine company, Mapula Creek Gold Corporation (Mapula), acquired 28% and 45% of the Company’s shares, respectively, by virtue of a share purchase agreement with the Puyat group, the previous majority shareholder. In 2006, Crew Gold organized Teresa Crew Gold Philippines, Inc. (Teresa) as a subsidiary to support the rehabilitation of the Company’s mining properties and the refurbishing of the Maco mine’s processing plant.

In January 2009, Teresa commenced productive operations of the Maco mine. In October 2009, Crew Gold sold its holdings in Teresa and Mapula to Mindanao Gold Ltd. (Mindanao Gold), a special purpose company formed in Malaysia by Abracadabra Speculative Ventures, Inc. (ASVI) of Malaysia.

In November 2011, Monte Oro Resources & Energy, Inc. (MORE), a Philippine company, acquired its initial 5% ownership in the Company, the proceeds of which were used for capital expenditures for the existing mine and mill, and for exploration drilling program of the Maco mine properties. In December 2011, the Philippine Securities & Exchange Commission approved the articles of merger between Teresa and the Company, with the Company remaining as the surviving entity to take effect on January 1, 2012.

In October 2013, MORE management was voted to take over management of the operation of the Company by the stockholders. In April 2014, MORE acquired substantial ownership in the Company held by Mapula. At this point, MORE became the significant shareholder, controlling 46.5%, of the Company.

In October 2014, the Company acquired 100% ownership of MORE, and Prime Metroline Holdings, Inc. (PMHI) and other MORE shareholders used the proceeds of the sale of their

shares in MORE to subscribe to new shares in the Company and in the process acquire control of the Company, diluting to a small minority the ownership of Mindanao Gold and Mapula.

In June 2015, the Company acquired 98% of the total outstanding capital stock of Itogon-Suyoc Resources, Inc. (ISRI), a Philippine company. The Company acquired the remaining 2% of ISRI in August 2016.

## **Business of Issuer**

### Products

The Company's mine produces bullions containing gold and silver. All of the Company's production are smelted and refined by Heraeus Ltd. in Hong Kong.

### Competition

Competition among mining companies is inexistent as each mining company operates in its own individual areas or tenements granted to them by the Philippine government. The competition is in obtaining a mining license, such as Mineral Production Sharing Agreement (MPSA) from the government. A mining company with no MPSA, mining patents or other forms of tenement will not be able to operate.

### Development Activities

Expenditures for the development activities by the Company in the last three calendar years and its percentage to revenue are shown in the following table:

Year	Development Cost	Revenue	Percentage
<b>2018</b>	<b>₱222,940,955</b>	<b>4,658,242,792</b>	<b>5%</b>
2017	494,516,560	₱4,122,188,125	12%
2016	526,137,775	3,522,050,654	15%

### Sources of Materials and Supplies

Operating materials and supplies, and equipment and maintenance parts are provided by a number of suppliers both domestic and foreign.

### Employees

Total manpower headcount as of December 31, 2018 is 1,963. The table below summarizes the distribution of the Company's manpower count as to department and rank.

Division/Department	R&F	Supervisor	Manager	Total
Head Office	4	12	14	30
Mine Division	917	163	16	1,096
Mill Division	154	36	12	202
Power & Electrical.	162	29	5	196
Technical Services Group	73	34	3	110
Admin & Support Services	194	107	28	329
<b>Total</b>	<b>1,504</b>	<b>381</b>	<b>78</b>	<b>1,963</b>

## Status of Operations

### A. Mining Properties

#### *Maco Mine*

On December 22, 2005, the Mines and Geosciences Bureau (MGB) approved the Company's application for a Mineral Production Sharing Agreement (MPSA) covering 679.02 hectares of land situated in Maco, Compostela Valley. On June 25, 2007, the MGB approved the Company's second application for a MPSA covering an additional 1,558.50 hectares of land near the area covered by the first mineral permit.

As at December 31, 2018, the Company holds valid and subsisting MPSA Nos. 225-2005-XI and 234-2007-XI, which have terms of 25 years from the effective date.

#### *ISO Certification*

The Company's Maco Mines has three certifications:

- ISO 9001:2015 for Quality Management System
- ISO 14001:2015 for Environmental Management System, and
- OHSAS 18001:2007 for Occupational Health and Safety Assessment Series

granted in March 2018 by Certification International. The scope of the certifications includes exploration underground mining, milling and recovery of gold and silver using carbon-in-leach process; mine waste and mill trails management; and all support services, valid for three years until March 2021 subject to satisfactory results of annual audits.

#### *Department of Environment and Natural Resources (DENR) Audit*

On October 18, 2016 the Company received a letter dated October 3, 2016 from the DENR furnishing a copy of the report on the mine audit conducted by the agency of the Company's Maco mine in August 2016 pursuant to DENR Memorandum Order No. 2016-01 regarding "Audit of All Operating Mines and Moratorium on New Mining Projects" issued on July 8, 2016. Along with other minor findings, the report recommended to allow the continued operation of the mine which confirms the earlier press releases made by the DENR, the Company's Maco mine can continue with its operations together with the other mines that have not been suspended.

The continuation of the Company's operations was reaffirmed by the DENR in its press conference on February 2, 2017.

#### *Itogon Mines*

ISRI is the holder of four (4) Patented Mineral Claims covering the Sangilo Mine in Itogon, Benguet and MPSA No. 152-2000-CAR covering the Suyoc Mine in Mankayan, Benguet.

The Sangilo mine is currently under rehabilitation and refurbishment, while the Suyoc Mine is undergoing resource validation.

#### *ISO Certification*

The Sangilo and Suyoc mines are ISO 14001:2015 certified for environmental management system granted by TUV Rheinland in April 2017 valid until 2020. The scope of the certification for the Sangilo Mine is for exploration, mining and mine processing; while the Suyoc Mine is for mining exploration and project development.

#### *Paracale Gold Project*

MORE wholly owns Paracale Gold Limited (PGL), a British Virgin Islands (BVI) company, which wholly owns Coral Resources Philippines, Inc. (CRPI) and has a 40% interest in Bulawan Mineral Resources Corporation (BMRC). PGL has advances to, and an option to buy over the other 60% shareholdings, in BMRC. These include qualifying shares which are recorded in the names of nominee directors.

The mine project of PGL is located in Jose Panganiban, Camarines Norte. BMRC handles all tenements while CRPI is the owner/operator of a mineral processing plant. BMRC holds 25 tenements in various stages of application. It is currently working on the processing and approval of pending applications, plus alternative options such as Special Mines Permits and ores from legal small scale mining operations.

#### *Mongolia Project*

The Khar At Uui Gold Project is registered under the joint venture company Erdeneminas LLC, which is owned 51% by Minas de Oro Mongol LLC (Minas), a wholly-owned subsidiary of MORE, and 49% by Erdenejas LLC, a Mongolian exploration company. The project is currently under continued care and maintenance.

#### *Sierra Leone Project*

The Gori Hills project located in the Republic of Sierra Leone in West Africa is owned by MORE through Monte Oro Mining Co., Ltd. (MOMCL) which holds the tenements for the project and MORE Minerals SL (MMSL), previously engaged in artisanal mining and gold trading.

MORE has an interest in Gold Mines of Uganda Ltd. (GMU) in the form of advances made to this company. GMU owns significant gold related assets and gold resources in Uganda. GMU and MORE has a Memorandum of Agreement whereby both parties agree to combine their mineral interest in Africa and work towards creating a mining company that will be listed and marketed to international investors, and to enable GMU raise capital funding through the listing.

#### *Myanmar Project*

The Modi Tuang Gold Project is located in the Yementhin Township, Mandalay Division, south east of Mandalay and north of Yangon, Myanmar. The Project is controlled by National Prosperity Gold Production Group Ltd. in which the Company has a 3.92% equity interest.

### **B. Oil and Gas**

#### *Service Contract (SC)*

MORE has a 30% participating interest in SC 72, a service contract for gas located in the West Philippine Sea covering the Sampaguita offshore gas field northwest of Palawan. Forum (GSEC 101) Ltd. holds the remaining 70% participating interest and is the operator of the SC.

In February 2015, Forum Energy Plc, the parent company of Forum (GSEC 101) Ltd., received a letter from the DOE confirming the suspension of offshore exploration activities in the disputed areas of the West Philippine Sea while the arbitration case between the Philippines and China remains pending. The force majeure became effective from December 15, 2014 to remain until the date when the DOE notifies Forum (GSEC 101) Ltd. to resume operations. On July 12, 2016, the United Nations International Tribunal for the Law of the Sea (ITLOS) ruled that Reed bank, where SC 72 is located, is within the Philippines' Exclusive Economic Zone as defined under the United Nations Convention on the Law of the Sea. As at April 12, 2019, the DOE, however, has not yet lifted the force majeure.

The administration of President Rodrigo Roa Duterte has embarked on a mission to improve diplomatic and business relationship with China. The government has de-emphasized the Philippine's victory in the ITLOS and instead started direct talk with China for economic cooperation. This has led to active talk from the Executive Department (the President and the Secretary of Foreign Affairs) about "joint exploration" in the South China Sea/West Philippine Sea. If China and the Philippines are able to arrive at a mutually acceptable arrangement for the exploration, development and exploitation of gas resources at the South China Sea/West Philippine Sea, MORE, and ultimately the Company, will benefit as holder of 30% participating interest in SC 72.

#### C. Others

##### *Solid Waste Management*

MORE owns 52% of International Cleanvironment Systems, Inc. (ICSI) which has a Build-Operate-Transfer contract with the Philippine government through the DENR to manage, rehabilitate and introduce ecologically friendly technologies for waste disposal, recycling and energy generation which agreement is yet to be put in operation

ICSI is a subject of an agreement to sell between MORE and A. Brown Co., Inc. (ABCI) whereby MORE shall sell an 52% ownership in ICSI to ABCI upon fulfilment of certain conditions.

#### Government Regulations and Approvals

Compliance with existing governmental regulations entails costs to the Group which are appropriately reflected either as expense or as capital asset based on the related financial reporting standards. Future and probable government regulations are considered but the effects cannot be determined until the specific implementing guidelines are known.

#### Exploration and Development

Exploration and development are undertaken in-house and overseen by the Company's EVP-Geology, Exploration, Risk Management and External Affairs, Dr. Graciano P. Yumul, Jr.

#### Operations

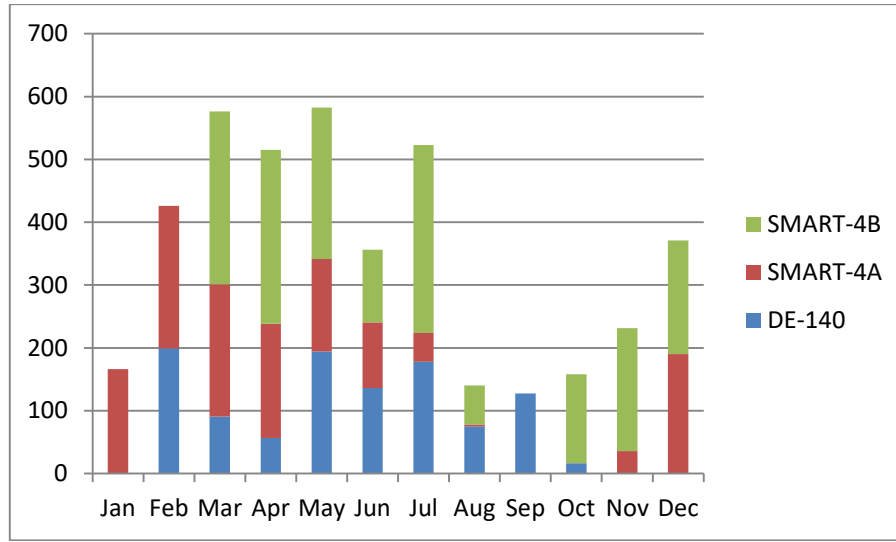
##### *Geology and Exploration*

Underground drilling was focused on near-mine extensions of the gold-bearing quartz and breccia veins. One unit of DE-140 rig, two units of Smart-4 rigs were dedicated to evaluate the continuity of the Masarita 2, Maria Inez and Sandy 2 parallel veins in terms of lateral and down dip extensions. A total of 18 holes were completed for the year 2018.

These holes have indicated additional resources which will guide further in-fill drilling to qualify for inclusion in the resource model. Total meters of diamond drilling achieved for the year 2018 was 4,164 meters from 18 holes in MPSA 225.

Below is the breakdown of the diamond drilling accomplishment for the year 2018 in meters advanced per drill rig.

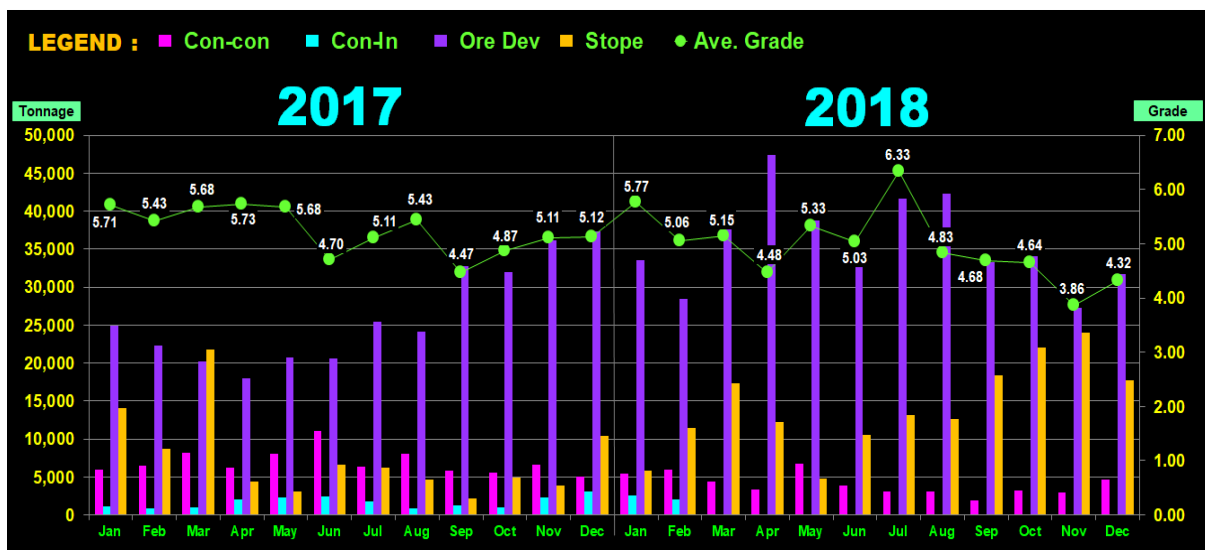
Rig	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
DE-140		199	91	57	194	136	178	75	127	17		
SMART-4A	166	227	211	182	147	104	46	3			36	190
SMART-4B			275	276	241	115	299	62		141	196	181
TOTAL	166	426	577	515	582	355	523	140	127	158	232	371



### Mining Operations

The total mine production in 2018 was 655,797 tonnes with an average grade of 4.94 grams per tonne (gpt) compared to 509,066 tonnes with an average grade of 5.24 grams per tonne (gpt) in 2017.

Below is the summary of ore sources production and average grade of mine ore.

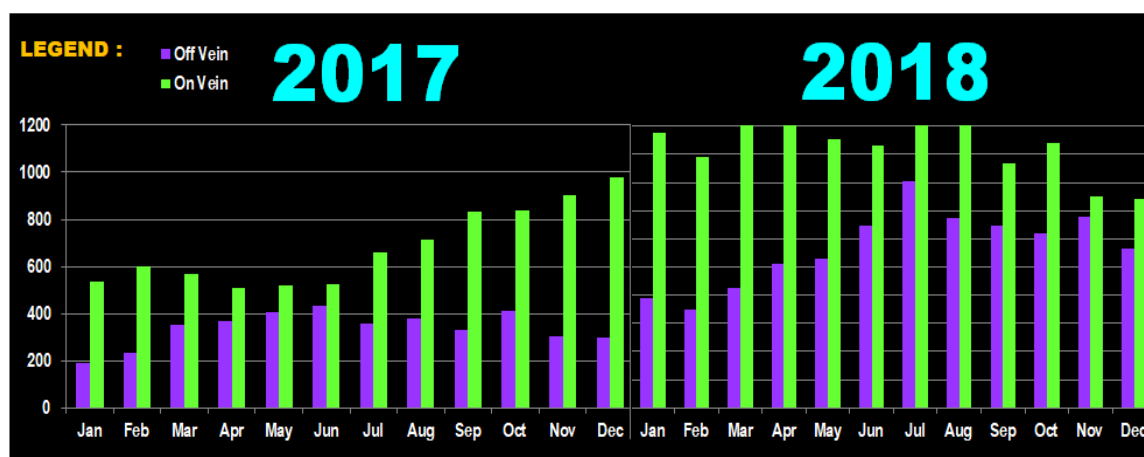


Below is the summary of ore sources production and average grade of mined ore.



Ore sources	2018			2017		
	Tonnage	Gpt of gold	% to Total	Tonnage	Gpt of gold	% to Total
Ore development	<b>416,501</b>	<b>4.43</b>	<b>64%</b>	314,713	4.75	62%
Stoping	<b>170,208</b>	<b>5.81</b>	<b>26%</b>	90,930	5.81	18%
Conventional - Contract	<b>48,656</b>	<b>6.78</b>	<b>7%</b>	83,423	6.46	16%
Conventional - In-house	<b>4,552</b>	<b>3.11</b>	<b>1%</b>	20,000	5.30	4%
Incidental ore	<b>15,879</b>	<b>4.05</b>	<b>2%</b>	—	—	—
	<b>655,797</b>	<b>4.94</b>	<b>100%</b>	509,066	5.24	100%

In 2018 and 2017, mine development on waste (off-vein) access drives advanced 6,846 and 4,062 meters, respectively, while mine development on ore (on-vein) drives advanced 11,717 and 8,123 meters, respectively.



### Mill Operations

Below is the summary of the mill production metrics in 2018 with comparative 2017 and 2016 figures.

	2018	2017	Change	2016	Change
Tonnage:					
Total	<b>609,604</b>	578,893	+5%	452,948	+28%
TPD	<b>1,789</b>	1,693	+6%	1,373	+23%
Mill head grade (gpt):					
Gold	<b>4.25</b>	3.90	+9%	4.68	-17%
Silver	<b>25.56</b>	23.99	+7%	29.98	-20%
Recovery percentage:					
Gold	<b>84.76</b>	82.81	+2%	80.25	+3%
Silver	<b>65.63</b>	70.91	-7%	71.74	-1%
Ounces produced:					
Gold	<b>70,564</b>	60,185	+17%	54,681	+10%
Silver	<b>328,797</b>	315,525	+4%	309,623	+2%

*Mineral Resource and Ore Reserves update for 2017*

As of December 31, 2018, the estimated mineral resource amounted to 2.47 million tonnes at a grade of 5.4 gpt, while the estimated ore reserves amounted to 1.37 million tonnes at a grade of 7.1 gpt both from respective Competent Person (CP) reports dated August 2017 and July 2017, respectively.

The modifying factors that were applied are the dilution factor assigned per type of mining method (Long Hole, Cut & Fill, Shrinkage, Sub-level Caving), provision for pillar, and a block cut-off grade of 3.0 gpt. Meanwhile the mineral resource was estimated using a block cut-off grade of 1.5 gpt.

Below is the summary of the latest estimated mineral resources and ore reserves covering certain veins/areas of the Maco mine as reported by independent competent person compliant with the Philippine Mineral Reporting Code (PMRC). The ore reserves are derived from and not additional to the declared mineral resources.

Estimated Mineral Resources @ Cut-Off Grade of 1.5 gpt

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Inferred	4.9	1,130,000	179,503
Indicated	5.4	910,000	159,159
Measured	6.5	430,000	90,138
Total / Average	5.4	2,470,000	428,800

The above figures were lifted from the technical report duly notarized on August 11, 2017 on the exploration results and mineral resources covering Bonanza/Masarita, Maria Inez, Sandy/Masarita2, Wagas and Bibak veins, prepared and submitted by Mr. Rolando Pena, a registered Geologist with License No. 068 and is an accredited CP on Exploration Results and Mineral Resource Estimation with the PMRC/Geological Society of the Philippines CP Registration No. 07-08-08.

Estimated Ore Reserves @ Cut-Off Grade of 3.0 gpt

Category	Grade (gpt)	Tonnes	Estimated gold (in ounces)
Probable	6.9	1,100,068	242,811
Proven	8.1	268,663	69,735
Total / Average	7.1	1,368,731	312,546

The above figures were lifted from the technical report duly notarized on July 20, 2017 on the economic assessment and ore reserve estimation covering the same veins enumerated above excluding Bibak prepared and submitted by Mr. Raul B. Cesar, a registered Mining Engineer with License No. 1709 and is an accredited CP with PMRC with CP Registration No. EM 01709-20/11.

*Community Development Projects Update*

The Company complied with and implemented the mandates provided under DENR Administrative Order (DAO) No. 2010-21, "Mandating the Contractor/Permit Holder/Lessee to allocate annually a minimum of one and a half percent (1.50%) of the Total Operating Cost (TOC) as the basis for funding the Social Development and Management Program (SDMP), provided further that the SDMP Fund shall be allocated by 75%, 15% and 10% for the

Development of Host & Neighboring Community (DHNC); Information, Education and Communication (IEC); and the Development of Mine Technology & Geosciences (DMTG), respectively.”

Actual and budgeted SDMP in 2018 and 2017, and the breakdown between DHNC, IEC and DMTG are shown below, in millions of PHP:

	Budgeted SDMP	Actual DHNC	Actual IEC	Actual DMTG	Actual SDMP
2018	P50.8	P43.7	P7.7	P5.2	P56.6
<b>2017</b>	<b>41.6</b>	<b>35.7</b>	<b>6.6</b>	<b>4.3</b>	<b>46.7</b>

#### *Environmental Protection and Enhancement Program (EPEP) Update*

A total of P54.4 million was spent in the implementation of various EPEP activities compared to the approved 2018 EPEP budget of P46.7 million. These activities were carried out to mitigate the negative impact of mining operations to the environment.

Below is the summary of the activities with corresponding costs.

Activity	2018
Construction and maintenance	P41,227,594
Monitoring, maintenance and water sampling	5,459,797
Reforestation and forest protection	2,602,055
Trainings, IEC and research	1,818,345
Capital outlay	1,200,000
Domestic waste management	1,096,241
Multi-partite monitoring team/mine rehabilitation fund committee activity	980,843
<b>Total</b>	<b>P54,419,875</b>

#### *Power Supply and Utilization Update*

Below is the table showing the summary of the utilization of power for the year 2018 and 2017.

#### **2018**

COST CENTERS	PROJECTED 2018			ACTUAL 2018		
	kW-Hr	(Php 4.73/kW-Hr)	%	kW-Hr	(Php 4.84/kW-Hr)	%
	x 1,000	x 1,000		x 1,000	x 1,000	
<b>Mine Operations Areas</b>						
Ventilation	37,288.88	176,327.92	43.75%	34,182.35	165,490.18	42.65%
Dewatering	12,142.93	57,420.28	14.25%	10,880.35	52,676.05	13.58%
Jumbo Drill	1,483.56	7,015.29	1.74%	1,615.24	7,820.02	2.02%
Air Compressor	4,919.55	23,263.08	5.77%	5,404.44	26,165.01	6.74%
<b>MILL PLANT AREA</b>	28,394.92	134,271.03	33.32%	27,106.54	131,233.40	33.82%
<b>MAINTENANCE (Motorpool/L4 AREAS)</b>	454.81	2,150.67	0.53%	434.18	2,102.02	0.54%
<b>Admin, Offices and Staff House</b>	544.15	2,573.10	0.64%	519.46	2,514.89	0.65%
<b>ANNUAL kW-Hr</b>	85,228.80	403,021.39	100.00%	80,142.56	388,001.57	100.00%

## 2017

	PROJECTED 2017			ACTUAL 2017		
COST CENTERS	kW-Hr	Php (5.04 /kW-Hr)	%	kW-Hr	Php 5.013 /kW-Hr)	%
	x 1,000	x 1,000		x 1,000	x 1,000	
<b>MINE</b>						
VENTILATION	31,925.73	160,912.14	42.57%	30,305.14	151,908.74	39.12%
DEWATERING	8,020.58	40,425.32	10.70%	11,160.18	55,941.96	14.40%
COMPRESSORS	4,436.40	22,360.33	5.92%	5,499.75	27,568.25	7.10%
JUMBO DRILLS	2,723.58	13,727.41	3.63%	2,021.10	10,131.03	2.61%
<b>MAINTENANANCE (MOTORPOOL)</b>	341.92	1,723.33	0.46%	412.62	2,068.33	0.53%
<b>OFFICE BLDG. &amp; STAFF HOUSE</b>	535.37	2,698.37	0.71%	494.96	2,481.06	0.64%
<b>MILL PLANT AREA</b>	27,008.04	136,125.97	36.01%	27,580.79	138,252.52	35.60%
Annual kW-Hr	74,991.61	377,972.87	100.00%	77,474.54	388,351.90	100.00%

The Company has several supply contract agreements with various industrial power companies.

### *Safety Development Update*

The Safety Department of the Company takes a proactive approach in ensuring that the wellbeing of all stakeholders is being prioritized. This means to have a work place where no one gets hurt or injured and everyone goes home safe during operation of its business. This is achieved through management playing a major role in the safety management system within the company by placing programs that will aid to eliminate or minimize hazards and risks in the area, and to encourage all workers to be responsible for both their own safety and the safety of others.

The Company had twenty-five incidents of non-lost time accidents; ten lost time accidents which are non-fatal; and eighty-eight incidents of property damage in 2018, compared to nine, four and sixty-nine, respectively, in 2017.

### *Related Party Transactions*

Please refer to Note 17 of the Notes to the Consolidated Audited Financial Statements as of December 31, 2018. Part III, Item 13 of this report also discusses related party transactions.

## Major Business Risks

### *Regulatory Change*

The Company may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect the Company.

### *Mineral Resources or Mineral Reserves*

The exploration for and development of mineral properties involve significant risks, which may not be completely eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of an ore body may result in substantial rewards, only a few properties explored are ultimately developed into producing mines.

The long-term viability of the company depends upon its ability to find or acquire, develop and commercially produce base metals and other minerals.

#### *Exploration, Development and Operating Risks*

Mining, exploration and development operations generally involve a high degree of risk. The operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals, including, but not limited to, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability. The exact effect of these factors, if and when they become present, cannot be accurately predicted and the costs estimated with a high level of confidence, thus, involve risks.

#### *Security Risks*

The operation of the mines of the Company may also be affected by insurgency and peace and order conditions in the geographical area and the surrounding communities where the mines are located.

#### *Price Risks*

The Company's revenue is largely dependent on the world market prices for gold and silver and the factors affecting the behavior of these are beyond the Company's control. Production and operating costs are constantly being monitored to ensure that optimal use of the Company's assets is being done and to ensure that costs, on the aggregate and on a per unit basis, are kept at a minimum.

#### *Foreign Exchange Rates*

The Company has determined that the Philippine Peso to be its functional and presentation currency as it is the currency in which majority of its operations are denominated in. The Company, however, receives its revenues in USD and also has foreign currency-denominated financial assets and liabilities that if exposed to the fluctuations of the exchange rates, may positively or negatively impact the Company's statement of income.

## **Item 2. PROPERTIES**

The Company owns mining facilities and administrative support facilities in its Maco mine site. Machinery and equipment are acquired month to month as needed usually through direct cash purchase or under suppliers' credit terms.

The principal office of the Company in Pasig City is being leased with an annual rental fee of ₱2.9 million.

### Item 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, claims and liabilities incidental to its normal business activities. The Company's management and legal counsel are of the opinion that the amount of the ultimate liability, if any, with respect to these will not have a material adverse effect on the financial position and performance of the Company.

### Item 4. SUBMISSION OF MATTERS TO A VOTE OF THE SECURITY HOLDERS

There are no matters submitted during the year 2018 covered by this 17-A report for submission to a vote of security holders.

## Part II – OPERATIONAL AND FINANCIAL INFORMATION

### Item 5. Market for Registrant Common Equity and Related Stockholders Matters

#### Market Information

The Company's common shares are traded in the Philippine Stock Exchange carrying the symbol "APX".

The high and low stock prices per share for each quarter in 2018 and 2017, and for the interim quarter from January 1 to March 31, 2019 were as follows:

Year	Period	Listed Common Shares	
		High	Low
2019	January 1 - March 31	₱1.73	₱1.39
2018	January 1 - March 31	2.08	1.48
	April 1 - June 30	2.00	1.41
	July 1 - September 30	1.71	1.40
	October 1 - December 31	1.93	1.27
2017	January 1 - March 31	3.09	1.45
	April 1 - June 30	2.04	1.44
	July 1 - September 30	2.20	1.57
	October 1 - December 31	1.95	1.49

#### Stockholders

As of March 31, 2019, the Company has 2,763 shareholders with 6,227,887,491 total issued and outstanding common shares.

The top 20 stockholders of the Company as of March 31, 2019 follows:

	Stockholder	Number of shares	% of ownership
1	Prime Metroline Holdings, Inc.	2,511,329,207	40.32
2	PCD Nominee Corp.*	1,008,204,609	16.19
3	Mindanao Gold Ltd.	597,051,165	9.59
4	Monte Oro Resources & Energy, Inc.	555,132,448	8.91
5	Lakeland Village Holdings, Inc.	474,613,599	7.62
6	Devoncourt Estates, Inc.	423,904,339	6.81
7	PCD Corporation (non-Filipino)	240,131,654	3.86
8	A Brown Co., Inc.	139,742,698	2.24
9	Mapula Creek Gold Corporation	115,326,533	1.85
10	Walter W. Brown	59,743,202	0.96
11	Ramon Y. Sy	44,598,312	0.72
12	Silverio Benny J. Tan	17,506,747	0.28
13	Jacinto C. Ng	14,725,217	0.24
14	CRAU Resources, Inc.	2,000,000	0.03
15	Graciano P. Yumul, Jr.	1,501,000	0.02
16	Rexlon Industrial, Corp.	1,006,525	0.02
17	Gil A. Marvilla	647,767	0.01
18	Lucio W. Yan and/or Clara Yan	485,525	0.01
19	Jalandoni, Jayme, Adams & Co., Inc.	484,892	0.01
20	Ignacio R. Ortigas	311,665	0.01

\* Net of the shares actually lodged with the PCD but are presented separately in this list.

As of March 31, 2019, the public ownership level of the Company is at 34.34%.

### Dividends

The Company has not declare any dividend in the past three years ended December 31, 2018, and the interim period ended March 31, 2019.

The Company has not established any restriction that would limit its ability to pay dividends on common nor does it have any plan of setting any restrictions on the matter in the immediate future.

### Recent Sales of Unregistered or Exempt Securities

No securities were sold by the Company in the past three years ended December 31, 2018, and in the interim period ended March 31, 2019 which were not registered under the Securities Regulation Code. There was also no sale of reacquired securities during the same period.

## Item 6. MANAGEMENT DISCUSSION ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS 2018, 2017 AND 2016

### Consolidated Statement of Income

#### *Consolidated Net Income*

The consolidated net income of Apex Mining Co., Inc. (the “Parent Company”) and Subsidiaries (collectively referred to as the “Group”) was ₱239.4 million in 2018, a 44% decrease from the ₱428.8 million consolidated net income in 2017, and a 26% decrease from the ₱322.0 million consolidated net income in 2016.

The Parent Company net income in 2018 amounted to ₱331.7 million compared to the ₱502.7 million and ₱440.5 million net income in 2017 and 2016, respectively.

#### *Consolidated Revenues*

The consolidated revenues in 2018, 2017 and 2016 amounted to ₱4.7 billion, ₱4.1 billion and ₱3.5 billion, respectively, or an increase of ₱536.1 million in 2018 compared to 2017, and ₱600.1 million in 2017 compared to 2016. The consolidated revenues of the Group pertain to the Parent Company revenues in all comparative years.

Information on the Parent Company volume of gold produced and realized prices in 2018, 2017 and 2016 is as follows:

	2018	2017	Change	2016	Change
Volume in ounces	<b>70,564</b>	60,185	+17%	54,681	+10%
Realized price/ounce, in USD	<b>\$1,260</b>	\$1,265	+0%	\$1,255	+1%

Information on the Parent Company volume of silver produced and realized prices in 2017, 2016 and 2015 is as follows:

	2018	2017	Change	2016	Change
Volume in ounces	<b>328,797</b>	315,525	+4%	309,623	+2%
Realized price/ounce, in USD	<b>\$15.49</b>	\$17.10	-9%	\$17.5	-2%

The weighted average USD to PHP foreign exchange rates on the Parent Company revenues in 2018, 2017 and 2016 were ₱52.97, ₱50.36 and ₱47.59, to one USD, respectively.



An analysis of the consolidated revenue variance, which comprises of volume, price and exchange rate variances, between the comparative years ended December 31, 2018, 2017 and 2016 of the Group are as follows:

Variance	2018 versus 2017 (in thousands of PHP)			2017 versus 2016 (in thousands of PHP)		
	Gold	Silver	Total	Gold	Silver	Total
Volume (sold)	₱373,845	₱(10,454)	₱363,391	₱328,729	₱4,909	₱333,637
Price	(14,488)	(25,597)	(40,085)	27,401	(6,233)	21,168
Exchange rate	198,710	14,082	212,792	229,883	15,449	245,332
Consolidated revenue	₱558,067	₱(21,969)	₱536,098	₱586,013	₱97,831	₱600,137

The positive volume variance was a direct result of the Parent Company milling 28% more ore in 2018 than in 2017, and also in 2017 than in 2016. New record established in operating parameters this year contributed to the increase in metal production. Milling throughput of 609,604 tonnes, equivalent to a daily average of 1,789 tonnes, bested the previous record of 578,893 tonnes or 1,693 tonnes per day in 2017 and 452,948 or 1,373 tonnes per day in 2016. Mill recovery rate was at its highest at 84.8%, as compared to the 82.8% record established in 2017 and 80.3% in 2016. Ore grade likewise averaged higher at 4.25 grams from 3.90 grams per tonne of gold a year ago, but slightly lower than 4.68 grams per tonne in 2016.

The average metal prices in 2018 were slightly lower compared to 2017, resulting in a negative price variance. However, the price of gold is higher compared to 2016, offsetting the negative price variance effect of lower silver price.

The continued strength of the USD against the PHP favored the exchange rate variance as shown in the table.

#### *Consolidated Cost of Production*

Consolidated cost of production incurred in 2018, 2017 and 2016, all of which pertains solely to the Parent Company cost of production, amounted to ₱3.6 billion, ₱3.2 billion and ₱2.7 billion, respectively. A breakdown of the main components of consolidated cost of production is as follows:

- Depreciation, depletion and amortization expense increased by 17% or ₱162.1 million in 2018 compared to 2017, and by 48% or ₱341.3 million in 2017 compared to 2016.

In detail, depreciation surged by 13% or ₱69.6 million in 2018 versus 2017, and by 37% or ₱139.2 million in 2017 versus 2016, as a result of higher capital expenditures made in 2018 and 2017. Depletion, on the other hand, rose by 26% or ₱110.6 million in 2018 compared to 2017, and by 62% or ₱161.6 million in 2017 compared to 2016, on account of higher tonnage milled and depletion rate in comparative periods. The higher depletion rate in 2018 and 2017 was brought about by opening new working areas to achieve the increased production. The development cost of these new operating areas has since been reclassified to mine and mining properties and subjected to depletion.

- Materials used in mining and milling rose by ₱189.9 million in 2018 compared to 2017, and by ₱16.2 million in 2017 compared to 2016. As materials cost is mainly driven by throughput production, the increase in cost is attributable to the 5% and 28% increase in milling throughput in 2018 and 2017, respectively, versus its respective prior year comparative numbers.
- Personnel cost went up by 6% and 9% in 2018 and 2017, respectively, versus the comparative year due to higher salary rates.
- Utilities expense declined by 8% or ₱21.5 million in 2018 versus 2017, but grew by 9% or ₱21.4 million in 2017 versus 2016. The changes in utilities expenses, which essentially pertains to power costs, can be attributable to the kilowatt-hour consumption in 2018, 2017 and 2016 of 80.1 million, 77.5 million and 70.7 million, respectively, at an average cost per kilowatt-hour of ₱4.84, ₱5.01 and ₱5.08, respectively.

#### *Consolidated Excise Taxes*

Consolidated excise taxes are excise taxes on the market value of metals produced which amounted to ₱200.2 million, ₱83.9 million and ₱72.3 million in 2017, 2017 and 2016, respectively. The increase in all comparative years was a result of the increase in consolidated revenues and the increase in tax rate from 2% to 4% effective January 1, 2018.

#### *Consolidated General and Administrative Expenses*

Consolidated general and administrative (G&A) expense in 2018, 2017 and 2016 amounted to ₱187.2 million, ₱219.6 million and ₱226.0 million, respectively. The individual contribution to the consolidated G&A expenses of the Group in each reporting year in millions of PHP are as follows:

	<b>2018</b>	2017	2016
Parent Company	<b>₱131.0</b>	₱162.3	₱141.1
MORE and Subsidiaries	<b>18.1</b>	34.0	49.3
ISRI	<b>38.1</b>	23.3	35.6
	<b>₱187.2</b>	₱219.6	₱226.0

Details of the significant elements of the consolidated G&A expenses are discussed below.

- Personnel cost decreased by 4% or ₱5.3 million, but increased by 8% or ₱13.5 million in 2018 and 2017, respectively, versus the same comparative figures the year before. Despite higher salary rates, 2018 personnel cost is lower due to transfer of existing MORE employees to other companies not related to Parent Company.
- Taxes and licenses in 2018 were lower by 47% or ₱17.9 compared to 2017 despite higher business taxes coming from the growth in the revenue level. Parent Company paid documentary stamp taxes on new bank loans obtained in 2017 as well as one-time payment of the Parent Company of listing fees to the Philippine SEC.

#### *Consolidated Finance Costs*

Consolidated finance costs in 2018, 2017 and 2016 of the Group amounted to ₱234.2 million ₱201.9 million and ₱163.3 million, respectively. The higher finance cost in 2018 versus 2017, and 2017 versus 2016, were primarily due to the additional short-term loans availed of by the Parent Company in various dates in 2018, and term loan in January 2017.

*Consolidated Other Income (Charges)*

Consolidated other income (charges) in 2018, 2017 and 2016 amounted to ₱70.0 million other charges, ₱7.9 million other charges, and ₱28.8 million other income, respectively.

The individual contribution to the consolidated other income (charges) expenses of the Group in each reporting year in millions of PHP are as follows:

	2018	2017	2016
Parent Company	<b>₱(56.6)</b>	(₱9.3)	(₱39.7)
MORE and Subsidiaries	<b>8.8</b>	(12.8)	11.0
ISRI	<b>(0.1)</b>	0.7	(0.1)
Consolidated other income (charges), before adjustments	<b>(47.9)</b>	(21.4)	(28.8)
Net effect of eliminating entries	<b>(22.1)</b>	13.5	—
Consolidated other income (charges)	<b>(₱70.0)</b>	(₱7.9)	(₱28.8)

Details of the significant elements of consolidated other income (charges) are discussed below.

- Net foreign exchange losses were recorded in 2018 and 2016 for ₱18.4 million and ₱8.1 million, respectively, and net foreign exchange gains in 2017 for ₱4.1 million due to effects of fluctuation in exchange rate of US Dollar against Philippine Peso in Group's foreign currency denominated net financial liabilities.
- The Group recognized provision for possible tax obligations in 2017 of ₱86.1 million pertaining to the taxable years 2011 and 2012.
- The Group recognized provision for inventory losses in 2018 and 2016 of ₱11.3 and ₱18.6 million, respectively, and a reversal of its provision for inventory losses and obsolescence in 2017 for ₱60.8 million. The Group makes the assessment at each reporting date of the amount of allowance or reversal to be made in the financial statements to bring its inventory balance to its net realizable value.
- The Group recognized provision for impairment losses on its other receivable in 2018, 2017 and 2016 amounting to ₱16.1 million, ₱0.2 million and ₱3.9 million, respectively, based on management's assessment of collectability of individual receivable accounts. The Parent Company has also written-off ₱24.9 million income tax credit of Teresa transferred to the Parent Company's books during the merger but not carried over in applicable years' income tax returns.

*Consolidated Provision for Income Tax*

The Group's current income tax ballooned to ₱199.5 million and ₱100.0 million in 2018 and 2017, respectively, compared to ₱17.0 million 2016. The significant increase is attributable to the Parent Company being subjected to the regular corporate income tax (RCIT) rate of 30% after utilizing all of its remaining carried over prior period operating losses starting 2017. In the past, the Parent Company was only subjected to the minimum corporate income tax (MCIT) rate of 2% as, according to the tax law, the Parent Company's computed MCIT were higher than the RCIT.

The benefit from deferred income tax came from the utilization of the carryover net operating loss and the tax credits from MCIT payments in prior periods.

*Consolidated Other Comprehensive Income (Loss)*

MORE's investment in National Prosperity Gold Production Group Ltd., a private entity in Myanmar, in which the Group holds a 3.92% ownership interest costing ₱344.6 million is classified as financial asset at fair value through other comprehensive income (FVOCI). The shares do not have quoted market price in an active market and the fair value cannot be measured reliably. As at December 31, 2018, the fair value of the financial asset at FVOCI amounted to nil, resulting in the recognition of re-measurement loss on financial asset at ₱344.6 million in the consolidated other comprehensive income (loss).

Re-measurement loss on retirement plan in 2018 amounted to ₱6.2 million and re-measurement gains in 2017 and 2016 amounted to ₱21.1 million and ₱19.1 million, respectively, which arises out of the change in the assumptions used by an independent, third-party actuary.

Consolidated Statement of Financial Position

*Consolidated Current Assets*

Total consolidated current assets increased by ₱143.7 million to ₱2.5 billion as of December 31, 2018 from ₱2.3 billion as of December 31, 2017 essentially due to the following:

- Cash of the Group grew by ₱113.5 million to ₱537.4 million as of December 31, 2018 compared to the prior year cash of ₱423.9 million. Operating and financing activities netted the Group ₱2.2 billion and ₱25.7 million in 2018. Because of these, the Group was able to invest in ₱2.1 billion worth of fixed and long-term assets in the same year.
- Trade and other receivables decreased by ₱595.1 million as of December 31, 2018 compared to the balance in the prior year mainly due to the Parent Company's unsold metal account balance in 2017 with its refiner. This was subsequently sold and collected in 2018. The Group also adopted PFRS 15, *Revenue from Contracts with Customers*, beginning January 1, 2018, which resulted in lower amount of receivable and higher amount of gold and silver bullions and in circuit inventories recognized as of year-end.
- Net assets of ICSI amounting to ₱361.4 were classified to assets held for sale under current assets in 2018 based on an agreement on August 28, 2018 between MORE and A Brown Co., Inc ("ABCI") where MORE shall sell its 52% ownership in ICSI to ABCI within 12 months under certain conditions.
- Prepayments and other current assets rose by ₱95.1 million as of December 31, 2018 compared to the prior year on account of higher input VAT and advances to suppliers. The input VAT are from local purchases and importations for capital expenditures and operating expenses. On the other hand, the advances, which are mainly for equipment, inventory and services purchased, are being offset against the actual billings received from suppliers and contractors.

*Consolidated Noncurrent Assets*

Total consolidated noncurrent assets grew by ₱270.6 million to ₱10.1 billion as of December 31, 2018 from ₱9.8 billion as of December 31, 2017 despite recognition of ₱344.6 million re-measurement loss on financial asset at FVOCI and reclassification of ₱361.4 net

assets of ICSI to asset held for sale under current assets, mainly because of the increase in deferred exploration cost of ₱260.8 million, and property, plant and equipment of ₱548.0 million due to acquisitions, constructions and mine exploration and development activities during the year.

#### *Consolidated Current Liabilities*

Consolidated current liabilities were higher by ₱686.4 million to ₱4.4 billion as of December 31, 2018 from ₱3.7 billion as of December 31, 2017. The breakdown of the change in the consolidated current liabilities is detailed below.

- Trade and other payables increased by ₱458.9 million due to higher purchases made in the later part of the year to support its operations and on-going long-term capacity upgrade.
- Current portion of loans payable increased by ₱171.2 million due to reclassification of maturing loan amortization from noncurrent loans. During the year, the Group availed a total of ₱986.5 borrowings, ₱300.0 million of which is the initial drawdown from the ₱550.0 million five-year term loan of ISRI, and Parent Company's trust receipts agreement with an average term of 180 days. The Group paid a total of ₱960.8 during the year for the amortization of long-term loan and maturing trust receipts agreement.
- Income tax payable decreased by ₱7.2 million as of December 31, 2018 which mainly comprise of the Group's income tax due for the fourth quarter of 2018 at the RCIT rate.

#### *Consolidated Noncurrent Liabilities*

The Group's consolidated noncurrent liabilities went down by ₱149.3 million to ₱2.7 billion as of December 31, 2018 from ₱2.9 billion as of December 31, 2017 which primarily due to the following reasons:

- Reclassification of amortized portion of noncurrent loans of the Parent Company to current portion amounting to ₱523.8 million, despite ISRI's long-term loan drawdown of ₱300.0 million in 2018.
- Although there is a material increase in Group's provision for retirement benefits by ₱53.8 million to ₱234.6 million based on annual actuarial valuation, deferred income tax liabilities decreased by ₱52.7 million to ₱182.3 million due to movement in revaluation surplus on property, plant and equipment. Deferred income tax assets are recognized to the extent that sufficient future taxable income will be available for which the deductible temporary differences can be utilized.

#### *Consolidated Equity*

Consolidated equity was lower by ₱122.7 million to ₱5.3 billion as of December 31, 2018 from ₱5.5 billion as of December 31, 2016 mainly on the net income earned in 2018 of ₱239.3 million and effects of other comprehensive losses of ₱362.0 million.

## Key Performance and Financial Soundness Indicators

### *Tonnes Mined and Milled*

Tonnage, ore grade and metal recovery determine production volume. The higher the tonnage, ore grade and recovery, the more metals are produced.

Please refer to the “Operations” section of Part I, Item I of this report for details on tonnes mine and milled, and production highlights.

### *Financial Ratios*

Management has identified the following financial ratios as significant in assessing the Group’s performance:

Financial Ratio	Formula	December 31	
		2018	2017
Gross profit margin	$\frac{\text{Gross profit}}{\text{Revenue}}$	<b>23.5%</b>	22.6%
Return on assets	$\frac{\text{Net income}}{\text{Total assets}}$	<b>1.9%</b>	3.5%
Return on equity	$\frac{\text{Net income}}{\text{Total equity}}$	<b>4.5%</b>	7.8%
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>0.5 : 1</b>	0.6 : 1
Debt-to-equity ratio	$\frac{\text{Total debt}}{\text{Total equity}}$	<b>1.3 : 1</b>	1.2 : 1
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.3 : 1</b>	2.2 : 1
Debt service coverage ratio	$\frac{\text{EBITDA}}{\text{Loan principal plus interest payments}}$	<b>1.7 : 1</b>	2.1 : 1

The gross profit margin in 2018 remains at almost the same level despite lower realized metal price as the appreciation of the USD, being the currency used in the sale of gold and silver, against the PHP increased the revenue compared to 2017.

The lower return on assets and return on equity was a result of the lower net earnings of the Group in 2018 than in 2017.

The current ratio in 2018 slightly declined compared to 2017 due to higher trade payables and reclassification of maturing loan amortization from noncurrent loans.

Debt service coverage ratio decreased as the Parent Company’s loan principal and interest payments in 2018 is higher compared to 2017.

## Item 7. FINANCIAL STATEMENTS

The audited consolidated financial statements are presented in Part V, Exhibits and Schedules.

## Item 8. INFORMATION ON INDEPENDENT ACCOUNTANTS AND OTHER RELATED MATTERS

### **External Audit Fees and Services**

#### Audit and Audit-Related Fees

In 2018 and 2017, the audit was basically engaged for the purposes of the external auditor expressing an opinion on the financial statements of the Company and its Subsidiaries. In addition, the audit included providing assistance to the Company in the preparation of its income tax return in as far as ensuring the agreement of the reported income and costs and expenses with the recorded amounts in the books. The procedures conducted include those that are necessary under Philippine Financial Reporting Standards. This, however, did not include detailed verification of the accuracy and completeness of the reported income and costs and expenses.

The total Group audit fees for the foregoing services were ₱5.8 million and ₱4.8 million in 2018 and 2017, respectively.

#### Tax Fees

Professional fees paid for tax advisory services were ₱0.3 million and ₱0.5 million in 2018 and 2017, respectively.

#### All Other Fees

There were no other services rendered by external auditors other than the audit services and tax advisory services mentioned above.

#### Audit Committee's Approval Policies and Procedures

Prior to the commencement of the work of external auditors, the external auditors present their audit program and schedule to the Company's Board Audit Committee. The external auditors then present the audited financial statements of the Company to the Audit Committee after the completion of the audit.

#### Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no changes in and/or disagreements with independent accountants/external auditors on accounting and financial disclosure and no change in the Company's independent accountants during the two most recent fiscal years and subsequent interim periods.

### Part III – CONTROL AND COMPENSATION INFORMATION

#### Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

The names and positions of all directors and executive officers of the Company are as follows:

Name	Position	Age
<i>Directors</i>		
Ramon Y. Sy	Chairman of the Board	88
Walter W. Brown	President & CEO	79
Luis R. Sarmiento	Director	62
Roel Z. Castro	Director	52
Jose Eduardo A. Alarilla	Director	67
Dennis A. Uy	Independent Director	45
Joselito H. Sibayan	Independent Director	60
<i>Officers</i>		
Ramon Y. Sy	Chairman of the Board	88
Walter W. Brown	President & CEO	79
Luis R. Sarmiento*	Senior EVP and COO	62
Graciano P. Yumul, Jr.	EVP-Geology, Exploration, Risk Management & External Affairs	59
Modesto B. Bermudez**	SVP-Project Development	78
Gil A. Marvilla	SVP-Corporate Operations	69
Narciso V. Mutia	VP-Resident Manager for Maco Operations	74
Rosemarie F. Padilla	VP-Finance	54
Rodulfo A. Palma	VP-Legal and Mine Compliance	50
Reynaldo M. Quijada***	VP-Administration	59
Silverio Benny J. Tan	Corporate Secretary	62
Elisa R. Dungca	Asst. Corp Secretary & AVP-Corporate Affairs	62
Renato N. Migrino	Treasurer and Compliance Officer	69

\*Effective October 1, 2018

\*\* Until January 31, 2019

\*\*\*Until January 15, 2019

The directors of the Company have terms of office are for one year or until their successors are elected and qualified.

#### Profile

Below is the profile of each of the Company's directors and officers.

#### **Ramon Y. Sy**, Chairman of the Board

Ramon Y. Sy has been in the Board of Directors of the Company since October 2013. His knowledge and experience in the banking sector is beyond compare having been the Vice Chairman of Metropolitan Bank and Trust Corporation; Chairman and President of United Coconut Planters Bank; Philippine Country Manager of Bank of America; and President & CEO of International Exchange Bank. He is now the Vice Chairman of Asia United Bank Corporation, a publicly-listed company and a Director of SPC Corporation, a publicly-listed company, Travelman, Inc., Asian Alliance Holding and Development Corp., Asian Alliance Investment Corp., Phil Equity, MORE and ISRI.



**Walter W. Brown, President & CEO**

Walter W. Brown has been in the Board of Directors of the Company since October 2013. He earned his Doctorate degree in Geology, Major is Geochemistry, from Stanford University after finishing his Masters degree in Economic Geology in the University of the Philippines. His experience encompasses a wide spectrum of industries from mining to the energy & power sector all the way to real estate business. Aside from his roles in the Company, he is also the Chairman of ABCI and ISRI; and Chairman of Palm Concepcion Power Corporation, which has a 2x135 MW coal-fired power plant in Concepcion, Iloilo; a Director of MORE; and the President of Minas de Oro (Mongolia), MORE - Sierra Leone (Africa). Dr. Brown was former President of Philex Mining Corporation, a publicly-listed company, and National Grid Corporation of the Philippines.

**Luis R. Sarmiento, Director; Senior EVP and COO**

Luis R. Sarmiento is the President of MORE. Prior to joining the Parent Company, he was the President of Orica Explosives Philippines, Inc., a global publicly-listed mining services company headquartered in Melbourne, Australia. He has served Orica in various capacity for 34 years and has become its highest ranking Filipino officer. He was also the President of Orica Nitrates, Inc. and a Director of Nitro Asia Company, Inc. A licensed mining engineer, Mr. Sarmiento served as President of the Philippine Mine Safety and Environment Association, President of the Philippine Association of Industrial Explosive, Inc., and Director of the Chamber of Mines of the Philippines. Previously, he was with the Mining Group Machinery Division of Engineering Equipment, Inc. He was conferred as Outstanding Mapuan Awardee in the field of mining engineer in 2005., as Outstanding Mining Engineer Awardee by the Philippine Society of Mining Engineer in 2008, and as Outstanding Mining Engineer of the Year Awardee by the Professional Regulations Commission in 2012. Mr. Sarmiento is a graduate of Mapua Institute of Technology with a degree of Bachelor in Science in Mining Engineering in 1979.

**Roel Z. Castro, Director**

Roel Castro is the President and Chief Operating Officer of More Electric and Power Corporation. Previously, he was the President and CEO of ABCI., President of Palm Thermal Consolidated Holdings Corp., Palm Concepcion Power Corp., Peakpower Energy Inc. and Hydro Link Power Corp. He was Head of Corporate Affairs and Special Assistant to the President/CEO of National Grid Corporation of the Philippines (NGCP). He finished BS Agricultural Business from UP Los Baños and Master's Degree at Asian Institute of Management. His expertise includes project management, brand marketing, financial valuation and management, agribusiness systems, policy analysis, development banking, organizational development, and corporate planning.

**Modesto B. Bermudez, Director; SVP-Projects Development (until January 31, 2019)**

Mr. Modesto B. Bermudez, who was a Director of the Company since December 2013 and the President of ISRI until his retirement from the Parent Company and ISRI, is a licensed Mining Engineer, has had 47 years' involvement in the Philippine mining industry inclusive of six years stint in real property development and construction. His experience in mining covers the whole spectrum of mining operations from exploration to development to

beneficiation of a wide range of minerals in both operational and managerial capacity. He is the President of CRAU Mineral Resources Corporation.

**Jose Eduardo J. Alarilla, Director**

Jose Eduardo J. Alarilla is the Chairman of Mega Equipment International Corp.; Vice Chairman of Bloomberry Resorts Corporation, a publicly-listed company; President and CEO of Mega Subic Terminal Services, Inc.; and President of Manila Holdings and Management, Inc., LVHI, DEI, Eiffle House, Inc., Alpha Allied Holdings Ltd. and Sureste Properties, Inc. He is also a Director of Bloomberry Resorts and Hotels, Inc., MORE and International Cleanenvironment Systems, Inc. He holds a Bachelor of Science in Mechanical Engineering from De La Salle University and Masters in Business Management from the Asian Institute of Management.

**Dennis A. Uy, Independent Director**

Dennis A. Uy was elected as an Independent Director of the Company in March 2013. He is the founder of Phoenix Petroleum Philippines, Inc. (PPPI), a publicly-listed company, and has served as President and CEO since its inception. He is the Chairman and President of Phoenix Petroleum Holdings, Inc., the holding company of PPPI, and Udenna Development Corporation, the ultimate parent company of PPPI. He is also the Chairman of Chelsea Logistics Holding Corp., a publicly-listed company which listed in the PSE in August 2017, 2Go Group, Inc., another publicly-listed company, F2 Logistics, Phoenix Philippines Foundation, Inc., and Udenna Foundation, Inc. He is a member of the Young Presidents Organization-Philippine Chapter and the Philippine Business for Social Progress. Mr. Uy is the Honorary Consul of Kazakhstan to the Philippines since November 2011, and the Presidential Adviser for Sports under President Duterte's Administration since July 2016. He is a graduate of De La Salle University with a degree in Business Management.

**Joselito H. Sibayan, Independent Director**

Joselito H. Sibayan became Independent Director of the Company in June 2014. He is the President and CEO of Mabuhay Capital Corporation, a firm which provides financial advisory services and capital raising solutions to its clients. Prior to forming Mabuhay Capital, he was Vice-Chairman of Investment Banking-Philippines; Philippine Country Manager for Credit Suisse First Boston; and Director of Philippine Postal Savings Bank. He has spent almost three decades in investment banking. He is concurrently an Independent Director of SM Prime Holdings, Inc., and a Director of ABCI, both publicly-listed companies. He obtained his Masters degree from the University of California in Los Angeles and his BS Chemical Engineering from De La Salle University-Manila.

**Graciano P. Yumul, Jr., EVP-Geology, Exploration, Risk Management & External Affairs**

Graciano P. Yumul, Jr., who was a Director of the Company since July 2012 until June 2018, is a multi-awarded researcher and administrator and earned his Bachelor of Science (BS) degree in Geology from the University of the Philippines. He earned his Masters and Doctoral degrees in Geology majoring in Igneous Petrology at the University of Tokyo. He also took Postdoctoral degrees as a Fellow at the University of Bretagne Occidentale in France. He was named Outstanding Young Scientist in Geology by National Academy of Science and Technology, recipient of University of the Philippines-Diliman Chancellor's Awards for Outstanding Researchers, Outstanding Teacher and Administrator, Philippine

Jaycee's Young Filipino Awardee in Science and Technology. He was elected as Director of ISRI in June 2015.

**Gil A. Marvilla, SVP-Corporate Operations**

A Certified Public Accountant, Gil A. Marvilla's experience in the mining industry spans several decades. His professional expertise in mining was also involved in several mining projects of Brixton Energy & Mining Corporation and Lascogon Mining Corporation. At one time, he was the Country Manager for Philex Mining's project in Madagascar. He also served as the Country Manager of Monte Oro Mining Co., Ltd. based in Sierra Leone, in Africa; Chief Finance Officer of MORE; and Managing Director and VP for Finance & Administration in PT Brown Indonesia and ABCI.

**Narciso V. Mutia, VP-Resident Manager for Maco Operations**

Narciso V. Mutia is a graduate of Bachelor of Science in Mining Engineering from Cebu Institute of Technology and has earned units in Master's Degree in Environmental Planning from the University of Mindanao. He has extensive experience in mining operations with several mining companies where he served under various capacity.

**Rosemarie F. Padilla, VP-Asst. Resident Manager for Finance**

Rosemarie F. Padilla, a licensed Certified Public Accountant, has had decades of progressive industry experience in Mining Finance. She has held positions as Budget Manager and Finance Manager of Philex Mining Corporation, Financial Controller in Olympus Pacific Minerals Ltd. Vietnam and Masbate Gold Project, and as Administration Superintendent of Greenstone Resources Corporation.

**Rodulfo A. Palma, VP – Legal & Mine Compliance**

Rodulfo A. Palma was an officer of the Natural Resources Development Corporation when he moved in 2003 to the Philippine Mining Development Corporation, both are GOCC attached to the DENR. He left PMDC in 2009 to engage in law practice and has provided consulting works for firms engaged in mineral exploration and development, agribusiness development and export, before he joined Apex in 2013 as Legal Officer for Maco Operations. From 2016 up to now, he is the President of the Alliance of Responsible Miners of Region XI, and the current President of the Compostela Valley Provincial Business Chamber, and Business Chamber of Maco, Inc. He has finished Bachelor of Arts major in Public Administration and Bachelor of Laws.

**Reynaldo M. Quijada, VP – Administration (until January 15, 2019)**

Reynaldo M. Quijada has been with Apex Mining Co., Inc. since May 2014 as consultant. He became the AVP for Community Relations & HR in May 2018 and was later promoted as Vice President for Administration in August 2018. Mr. Quijada resigned from the Company on January 15, 2019.

**Silverio Benny J. Tan, Corporate Secretary**

Silverio Benny J. Tan holds a Bachelor of Laws degree, cum laude, from the University of the Philippines College of Law and a Bachelor of Arts Major in Political Science, cum laude, from the University of the Philippines College Iloilo. He placed third in the 1982 Philippine Bar exams. He is a Partner in the law firm Picazo Buyco Tan Fider & Santos, and at one time

its Managing Partner. He is the Chairman of the Board of Mapfre Insular Insurance Corporation. He is a Director and Corporate Secretary of PMHI, Bravo International Port Holdings Inc., Alpha International Port Holdings Inc., Eiffle House Inc., Cyland Corp., OSA Industries Philippines Inc. and Negros Perfect Circles Food Corp. He is also a Director of Celestial Corporation, Skywide Assets Ltd., Monte Oro Minerals (SL) Ltd., and Dressline Holdings Inc. and its subsidiaries and affiliates. He is the Corporate Secretary of Bloomberry Resorts Corporation, a publicly-listed company, Sureste Properties, Inc., BRHI, LVHI, DEI, Pilipinas Golf Tournaments, Inc., MORE and ISRI; and Assistant Corporate Secretary of International Container Terminal Services, Inc. (ICTSI), a publicly-listed company, and ICTSI Ltd.

**Elisa R. Dungca**, Asst. Corp. Secretary & AVP-Corporate Affairs

Elisa R. Dungca served as Deputy Risk Officer and Division Manager for Risk Management & Export at Philex Mining Corporation (PMC), a publicly-listed company, and was the Corporate Secretary and Director of Fidelity Stock Transfers, Inc., a subsidiary of PMC, prior to joining the Company in April 2017. She was the former Chief Officer for Administration and Finance of JVS Asia, Inc. which owns Marithe & Francois Girbaud clothing brand; Senior Financial Associate at Lazaro Bernardo Tiu & Associates, Inc.; Group Manager for Accounting MIS and Budget of Benguet Corporation, another publicly-listed company; and Senior Programmer of the Natural Resources Management Center of the Department of Environment and Natural Resources. She is concurrently the Assistant Corporate Secretary of ISRI. She received her Bachelor of Science in Industrial Engineering from the University of the Philippines and her Masters in Business Administration from the Pamantasan ng Lungsod ng Maynila.

**Renato N. Migriño**, Treasurer and Compliance Officer

A Certified Public Accountant, Mr. Renato N. Migriño's experience in the mining industry spans more than 40 years from his days at Sycip, Gorres & Velayo where a significant number of his accounts were mining companies. He moved to Benguet Corporation, a publicly-listed company, and became its Senior Vice President for Controllershship prior to joining Philex Mining Corporation, another publicly-listed company, where he later on served as its Treasurer, Chief Financial Officer, Senior Vice President for Finance, and Compliance Officer. He was Director and Chief Financial Officer of Philex Gold Inc., and Director of Philex Petroleum Corporation, a publicly-listed company, Director and Treasurer of FEC Resources, Inc., Director of Silangan Mindanao Mining Co., Inc., Brixton Energy & Mining Corporation and Lascogon Mining Corporation. He is concurrently a Director and the Treasurer of ABCI, an Independent Director of Mabuhay Vinyl Corporation, both publicly-listed companies, and is the Treasurer of MORE and ISRI.

Significant Employees

There is no particular employee of the Company not an executive officer expected to make a significant contribution to the business on his own.

Family Relationships

There are no family relationships among officers and directors of the Company and its Subsidiaries.

Involvement in Certain Legal Proceedings

To the knowledge and information of the Company, none of its present members of the Board of Directors and officers are presently or during the last five years involved in any material proceeding, involving themselves and/or their property before any court of law or

administrative body in the Philippines or elsewhere. To the knowledge and information of the Company, none of the members of its Board of Directors and officers has been convicted by final judgment of any offense punishable by laws of the Republic of the Philippines or of the laws of any other country.

#### Item 10. EXECUTIVE COMPENSATION

The officers of the Company are considered regular employees and are remunerated with a compensation package consisting of a 13-month base pay. They also receive whatever, if any, that the Board of Directors may approve and extend to its managerial, supervisory and R&F employees.

The aggregate compensation paid or incurred in 2018 and 2017, and estimated to be paid in 2019 to the Officers and members of the Board of Directors of the Company are as follows (in millions):

##### CEO and Four Most Highly Compensated Officers as a Group

<u>Year</u>	<u>Salary</u>
2019 (Estimated)	₱84.8
2018	80.0
2017	80.3

##### Aggregate Compensation of All Officers and Directors as a Group

<u>Year</u>	<u>Salary</u>
2019 (Estimated)	₱131.8
2018	124.0
2017	111.6

The aggregate compensation for the CEO and four most highly compensated officers as a group paid in 2018 and 2017 are for Walter W. Brown (CEO), Graciano P. Yumul Jr., Modesto B. Bermudez, Gil A. Marvilla and Renato N. Migrino. The estimated amount expected to be paid in 2019 are for Walter W. Brown (CEO), Luis R. Sarmiento, Graciano P. Yumul Jr., Gil A. Marvilla and Renato N. Migrino

##### Compensation of Members of the Board of Directors

The members of the Board of Directors of are paid ₱80,000, net of withholding tax, as per diem for each meeting (whether regular or special) of the board or of the stockholders as passed and approved during the special meeting of the Board of Directors on November 13, 2012. Apart from the foregoing, there are no arrangements regarding their compensation (whether direct or indirect) being as members of the Board of Directors.

##### Employment Contracts and Termination of Employment and Change-In-Control

###### Arrangements

The contractual relationship between the officers and the Company are as that of an employer-employee. The remuneration the officers received from the Parent Company is solely in the form of salaries and, if any, bonuses.

##### Warrants and Options Outstanding: Repricing

The directors and officers of the Company do not hold any outstanding warrants or options.

**Item 11. SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS**

As of March 31, 2019, the following beneficially owns at least five percent (5%) of the issued and outstanding common shares of the Company:

Name of Record Owner	Name of Beneficial Owner	Citizenship	No. of Shares	%
Prime Metroline Holdings, Inc.	Prime Metroline Holdings, Inc.	Filipino	2,511,329,207	40.32
Mindanao Gold Ltd. MORE	Mindanao Gold Ltd. MORE	Malaysian	597,051,165	9.59
Lakeland Village Holdings, Inc.	Lakeland Village Holdings, Inc.	Filipino	555,132,448	8.91
Devoncourt Estates, Inc.	Devoncourt Estates, Inc.	Filipino	474,613,599	7.62
			423,904,339	6.81

Except for the beneficial owners mentioned above, there is no other person or group known to the Company to be the beneficial owner of more than 5% of its voting securities. There is also no voting trust agreement involving shares of the Company.

**Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The number of voting common shares beneficially owned or controlled, directly and indirectly, by the members of the board of directors and named officers follows:

Name of Beneficial Owner	Citizenship	No. of Shares	%
Ramon Y. Sy	Filipino	44,598,312	0.72
Walter W. Brown	Filipino	59,743,202	0.96
Luis R. Sarmiento*	Filipino	1	0.00
Modesto B. Bermudez**	Filipino	2,000,001	0.03
Jose Eduardo J. Alarilla***	Filipino	898,517,938	14.43
Dennis A. Uy	Filipino	1	0.00
Joselito H. Sibayan	Filipino	299	0.00
Graciano P. Yumul, Jr.	Filipino	1,501,000	0.02
Gil A. Marvilla	Filipino	647,767	0.01
Narciso V. Mutia	Filipino	—	—
Rosemarie F. Padilla	Filipino	—	—
Rodulfo A. Palma	Filipino	—	—
Reynaldo M. Quijada****	Filipino	—	—
Silverio Benny J. Tan	Filipino	17,506,747	0.28
Elisa R. Dungca	Filipino	—	—
Renato N. Migrino	Filipino	—	—

\*Effective October 1, 2018

\*\* Until January 31, 2019

\*\*\*Indirectly through Lakeland Village Holdings, Inc. and Devoncourt Estates, Inc.

\*\*\*\*Until January 15, 2019

#### Item 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the normal course of business, the Company transacted with companies that are considered related parties. A summary of the more significant transactions with related parties is shown in Note 17 of the audited consolidated financial statements for the year ended December 31, 2018.

Other than the corporate guarantee issued by the Company over the bank loan of ISRI, there have been no guarantees provided for any related party receivables and payables. For the years ended December 31, 2018 and 2017, the Company has not made any provision for doubtful accounts relating to amounts owed by related parties. This assessment is undertaken at each financial year through examining the financial position of the related parties and the market in which the related parties operate.

#### **Part IV – CORPORATE GOVERNANCE**

As a publicly-listed Philippine corporation, the Company conforms to the corporate governance rules, requirements, and regulations of the SEC, PSE and all pertinent government regulatory bodies.

The Parent Company filed a copy of its 2017 Integrated Annual Corporate Governance Report (I-ACGR) to the Philippine SEC on May 30, 2018 and is posted in the Company website. The I-ACGR for 2018 will be filed with the SEC before May 30, 2019.

## Part V – EXHIBITS AND SCHEDULES

### Item 14. EXHIBITS AND REPORTS ON SEC FORM 17-C

#### A. Exhibits

- i. Statement of Management Responsibility for Financial Statements
- ii. Report of Independent Auditors
- iii. Audited Consolidated Financial Statements and Notes for the year ended December 31, 2018
- iv. Supplementary Schedules

#### B. Reports on SEC Form 17-C in 2018

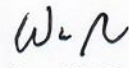
Date Filed	Particulars
March 22	Amendments to Articles of Incorporation
March 23	Notice of Annual Stockholders' Meeting
April 10	Press Release: Apex Mining Reports 2017 Earnings 33% Higher vs. 2016
April 25	Clarification of News Report
May 2	Annual Report
May 9	Press Release: Apex Mining Reports 21% Higher 1st Quarter 2018 Income
July 2	Results of Annual Stockholders' Meeting
August 6	Press Release: 2018 Apex Mining First Half Income 21% Higher
August 6	Results of Organizational Meeting of the Board of Directors
October 4	Reply to Exchange's Query
October 10	Clarification of News Reports
November 12	Press Release: Apex Mining Reports Higher 2018 Nine Months Income
December 17	Reply to Exchange's Query




## SIGNATURES


Pursuant to the requirement of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Pasig on April 30, 2019.

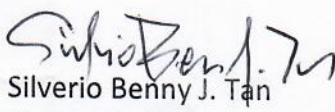
By:

  
Walter W. Brown  
President & CEO

  
Luis R. Sarmiento  
Senior EVP & COO

  
Renato N. Migrino  
Treasurer

  
Billy G. Torres  
Corporate Finance and Treasury Manager


  
Silverio Benny J. Tan  
Corporate Secretary

SUBSCRIBED AND SWORN to before this APR 30 2019, affiant(s) exhibiting to me their respective valid IDs, as follows:

<u>Names</u>	<u>Tax Identification Nos.</u>
Walter W. Brown	TIN 123-918-226
Luis R. Sarmiento	TIN 234-382-458
Renato N. Migrino	TIN 102-118-145
Silverio Benny J. Tan	TIN 138-005-178
Billy G. Torres	TIN 235-196-182

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Book No. 54  
Series of 2019

MANDALUYONG CITY

  
ATTY. JAMES K. ABUGAN  
NOTARY PUBLIC  
Appt. No. 0442-19  
Until Dec 31, 2020  
IBP No. 051567 Sept. 28, 2018  
Roll No. 26890 Lifetime  
MCLE No. VI-0012875 Until 4/14/2022  
TIN No. 116-239-956  
PTR No. 3811514/1-3-2019  
Tel No. 631-48-90